02-A-0404 Sanitized - Approved For Release : CIA-RDP82-00457R004000470001-9 CONL MET/CONTROL - U.S. OFFICIALS ONLY 25X CLASSIFICATION CENTRAL INTELLIGENCE AGENCY REPORT NO. INFORMATION REPORT CD NO. China (Taiwan) COUNTRY DATE DISTR. 22 Dec. 1949 Stability of the Nationalist Regime on Taiwan SUBJECT NO. OF PAGES 2 Return to CIA Library 25X1A PLACE NO. OF ENCLS. ACQUIRED DATE OF INFO. 25X1A SUPPLEMENT TO 25X1X REPORT NO. Internal Security Measures It is believed that the Nationalists are capable of suppressing any revolt of Communist or Taiwanese non-Communist groups which might occur within the next 60 days. 25X1X Various groups are taking severe measures to insure internal security, but the degree of effectiveness of these measures is ary official, many men have been planted within military units to spot Communists or any sign of 25X1X disaffection. This has led to the arrest and execution of many soldiers. 3. As for the civil aspect of internal security, during the past two months the Peace Preservation Corps has made widespread arrests which have resulted in the jailing and execution of many "subversive" Taiwanese, both Communist and non-Communist. The effect of these terroristic methods on Communist infiltration cannot be determined, but the program has further antagonized the Taiwanese against the Nationalists. 25X1X the Taiwanese are in deadly fear of Nationalist security measures, which they feel are directed at them rather than at the Communists. In general, effective police work is hindered by corruption in the lower ranks and misdirection of efforts on the policy-making level. Extent of Communist Influence 25X1X Information from in Hong Kong indicates recent intensified Communist infiltration on the east coast. ** In past months signs have been Information from numerous that intelligence and propaganda agents have entered either as refugees or on smuggling boats. Attempts to land armed guerrilla forces have been generally unsuccessful. A large number of agents who openly admit their identity are being sheltered in small towns by the populace. A member of the 25X1X 25X1X states that committees for espionage and sabotage are being formed in provincial and district governments by Taiwanese Communists. The Taiwanese have come to feel in the last two months that Communist occupation of the island could not be worse than Nationalist occupation, and might even be better. In any case, they are convinced that the Nationalists CLASSIFICATION ET CONTROL -X NSRB STATE JE NAVY Document No. X AIR No Change In Class. Declassified ેાાદ. Changed To: Sanitized - Approxed For Release : CIA

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cannot prevent the assault and are afraid that effective aid from the U. S. is not forthcoming. A member states that if cooperation with the Communists is the only way to cust the Nationalists, the Taiwanese will accept it knowing that the Communist problem will have to be faced later. It is believed that no active inclination to cooperate with the Communists exists among the Taiwanese at the present time.

7. A minor official states that low-ranking military security forces are convinced that 70 to 80 percent of the Taiwanese will cooperate actively with the Communists when Nationalist collapse on the island appears imminent.

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8. According to an member, the Japanese-motivated Communist Party in Taiwan is small and holds to a middle road between the Chinese Communist Party and the Japanese Communist Party. In spite of the fact that the CCP is making strenuous efforts to extend its control over the local Communist Party, as of October 1919 it was making little headway.

Extent of Disaffection

- 9. Disaffection in the armed forces on Taiwan is estimated at 20 percent.

 Norale is the determining factor, and it is low in both military and civil circles in spite of rumors that aid may be forthcoming. It is believed, however, that the Nationalists are capable at the present time of preventing active mutiny. The urge to defect is in direct proportion to the estimate of final victory. Defection is increasingly popular, while the wisdom of last-ditch fighting becomes more and more uncertain.
- 10. Loyalty of the Nationalist Navy is in doubt for the following reasons:
 - a. Fukien Clique members who defected are actively promoting defection in remaining naval units and are likely to be successful.
 - b. Taiwanese marines, now chiefly stationed in the Pescadores and numbering about 3,000 plus 400 officers, are disaffected and are awaiting a favorable opportunity to mutiny.
 - c. Admiral KUEI has demonstrated ineffective leadership and is unpopular,
- 11. The Chinese Air Force has received preferential treatment and there is consequently little likelihood of important defections at the present time.

Probability of a Coup

12. A coup on Taiwan is believed unlikely. CHEN Cheng is obviously maneuvering to make a revolt impossible. He permits a limited flow of supplies to SUN, and recently he brought LIU An-chi's troops from Hainan with the evident intention of interposing them between SUN's troops in the south and Taiped. SUN has indicated that he is helpless, as CHEN and the CC Clique hold all the cards at present.

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Effect of the Fresence of the Nationalist Capital on Taiwan

1). Establishment of the Nationalist capital and the Executive Yuan upon Taiwan has so far had little appreciable effect upon the island's political stability. The economic burden of the island will probably be seriously increased by interference of mainland government establishments, particularly banks, in local affairs. In general, the presence of the Nationalist capital on Taiwan will be considered by the natives as a further Nationalist encreachment.

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Comment. This office has had no previous information indicating communist infiltration on the east coast.

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